

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY CANBERRA IMMEDIATE

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FOR HEGINBOTHAM

FOL RPT WELLINGTON 02339 SENT ACTION SECSTATE & CANBERRA
DTD 06 MAY 78

QUOTE: LIMITED OFFICIAL USE WELLINGTON 023
39

CANBERRA FOR VICE PRESIDENT

E.O. 11652: N/A
TAGS: ETRD, EAGR, NZ
SUBJECT: PROPOSED RESTRICTIVE BEEF LEGISLATION

REF: (A) STATE 111928, (B) CANBERRA 3440

1. SUMMARY: PROPOSED LEGISLATION TO ALTER PRESENT
BEEF IMPORT SYSTEM CAN ONLY ROCK AN ALREADY SHAKY NEW
ZEALAND ECONOMY. SUCH CANNOT HELP BUT DAMAGE BILATERAL
RELATIONS, WHICH IN TURN WILL HAVE REAL COSTS FOR OUR
FOREIGN POLICY INTERESTS IN THIS PART OF THE WORLD. THE
TOPIC WILL BE RAISED WITH VICE PRESIDENT MONDALE WHEN
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HE ARRIVES HERE. END SUMMARY.

2. LIKE THE AUSTRALIANS (REF B), THE GOVERNMENT OF
NEW ZEALAND VIEWS WITH GREAT ALARM ANY U.S. EFFORTS TO
RESTRICT FURTHER ACCESS TO THE AMERICAN BEEF MARKET.
ONE OFFICIAL WITH WHOM WE HAVE SPOKEN REFERRED TO THE
BENTSEN LEGISLATION, IF PASSED, AS A "DISASTER FOR

NEW ZEALAND." OTHER OFFICIALS HAVE CONFIRMED THAT THIS TOPIC WILL BE GIVEN HIGH PRIORITY IN PRIME MINISTER MULDOON'S FORTHCOMING MEETING WITH VICE PRESIDENT MONDALE.

3. IT IS WELL KNOWN THAT TODAY NEW ZEALAND IS MORE AND MORE A COUNTRY ECONOMICALLY BESIEGED. SOARING IMPORT AND INVISIBLE COSTS AND SHRINKING ACCESS TO SOME MARKETS FOR AGRICULTURAL EXPORTS HAVE CAUSED A HUGE BALANCE OF PAYMENTS DEFICIT. THIS IN TURN HAS BROUGHT ABOUT FALLING LIVING STANDARDS, WITH UNEMPLOYMENT NOW AT ITS HIGHEST RATE SINCE WORLD WAR II. FROM THE FIGURES AVAILABLE TO US, WE CALCULATE QUOTA BEEF EXPORTS TO THE U.S. CONTRIBUTED ABOUT DOLS 147.7 MILLION OF FOREIGN EXCHANGE LAST YEAR AND WILL PROVIDE MUCH MORE (GIVEN HIGHER PRICES) THIS YEAR. IT SEEMS CERTAIN THAT, GIVEN THE PARALLEL CYCLES BETWEEN NEW ZEALAND AND AMERICAN BEEF PRODUCTION, THE TYPE OF COUNTER-CYCLICAL LEGISLATION PROPOSED WOULD GREATLY REDUCE THESE EARNINGS AND THUS SEVERELY DAMAGE THIS ECONOMY.

4. IN RECENT MONTHS, PRIME MINISTER MULDOON AND OTHER SPOKESMEN HAVE EXPERIENCED SURPRISE AND SOME ANGER THAT NEW ZEALAND'S BASIC TRADING INTERESTS HAVE BEEN HIT THE HARDEST BY COUNTRIES WITH WHOM NEW ZEALAND FOUGHT IN THE LAST WAR OR WITH WHOM IT HAS COOPERATED CLOSELY IN THE POSTWAR ERA. ALTHOUGH THE BRUNT OF THIS CRITI-

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CISM HAS BEEN DIRECTED AGAINST JAPAN AND ELEMENTS IN THE EC, WE ARE TOLD MANY HERE BELIEVE THE SAME COMMENTS COULD BE APPLIED TO THE U.S. AS WELL.

5. WE HAVE AN UNUSUALLY STRONG COOPERATIVE RELATIONSHIP WITH THIS ANZUS ALLY. TOGETHER WITH AUSTRALIA, IT PROVIDES AN ELEMENT OF STABILITY IN THIS PART OF THE WORLD, WHICH IS EVER MORE IMPORTANT WITH NEW EMERGING MICRO-STATES IN THE SOUTH PACIFIC AND A RISING PRC AND RUSSIAN INTEREST. IN ADDITION, NEW ZEALAND PROVIDES, AT NO CHARGE TO US, SUBSTANTIAL SUPPORT FACILITIES FOR OUR ANTARCTIC PROGRAM. IN BOTH OF THESE AREAS, LACK OF NEW ZEALAND COOPERATION WOULD EITHER IMPAIR OUR INTERESTS OR COST US MILLIONS HAD WE TO MAKE OTHER ARRANGEMENTS.

6. IT IS FOR THESE REASONS THAT WE URGE THE ADMINISTRATION TO DO ALL IT CAN TO FORESTALL THIS PIECE OF LEGISLATION WHICH CAN DO GRIEVOUS HARM TO A PEOPLE WHO HAVE BEEN AMONG OUR CLOSEST FRIENDS FOR DECADES. SELDEN UNQUOTE CHRISTOPHER

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